

## REPORT HIGHLIGHTS PERFORMANCE AUDIT

### Subject

The Governor's Regulatory Review Council (GRRC) reviews and has final approval over most agency rules. A rule is an agency statement that implements, interprets, or sets law or policy. GRRC reviews agency rules to ensure that they were properly developed and that they comply with specific statutory criteria.

### Our Conclusion

GRRC has generally met its purpose by ensuring that rules are properly developed and consistent with statute, and by reviewing and approving agency 5-year rule review reports. Further, for the rule packages auditors reviewed, GRRC met the statutory review time frame.



# 2006

## Administrative Rulemaking Process and GRRC's Role in Process

Statutes define the administrative rulemaking process and specify the steps agencies must undertake to adopt rules. The process is lengthy—the time frames outlined in statute for completing the required steps total about 10 months. As shown in the figure on page 2, agencies are responsible for completing most of the process. GRRC's role is near the end of the process, when it provides a final review and approval.

these rules was consistent with statute and complied with the criteria established to approve rules. In addition, GRRC reviewed these rule packages within the statutory time frame. GRRC has 90 days from the time it receives an agency's rule package to review and approve the final rules, or return them to the agency. In fact, GRRC reviewed nine of the rule packages in fewer than 60 days.

### What does GRRC review?

GRRC reviews proposed agency rules to ensure that:

- The agency has authority to make the rule and that it does not conflict with existing law;
- The wording is clear, concise, and understandable;
- The rule contains a complete and accurate economic impact statement and that the probable benefits of the rule outweigh its probable costs; and
- The agency addressed public comments.

In fiscal year 2005, GRRC approved the adoption, repeal, amendment, or renumbering of 1,183 administrative rules submitted by 39 different state agencies.

### Other GRRC functions

At least once every 5 years, each agency must review its rules to determine whether the rules need amendment or repeal. The agency develops a plan for making needed revisions and submits a report to GRRC for review and approval. Although statutes do not specify a time frame, auditors' review of five rule review reports found that GRRC reviewed them in 90 days or fewer.

GRRC may also hear appeals from the public regarding certain agency practices, including an agency's decision to deny an individual's petition regarding whether an existing agency practice or policy constitutes a rule. In fiscal year 2005, GRRC received two appeals.

Reviews are done in a timely manner and follow statute. For the ten rule packages that auditors reviewed, GRRC's review of

## Administrative Rulemaking Process and GRRC's Specific Role in Process

### Agency Process

### GRRC Process

**Rulemaking docket**—Provides information about the rule's subject, time frame for administrative rulemaking, and the proposed rule's status. Automatically terminates 1 year after the notice is published if the agency does not proceed with the process.

**Economic impact statement**—Describes how the proposed rule will affect the regulated community, small businesses, and consumers.

#### TO OBTAIN MORE INFORMATION

A copy of the full report can be obtained by calling  
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our Web site at:  
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Agency determines an administrative rule is needed.

Agency opens a **rulemaking docket** and files a notice with the Secretary of State, who then publishes it in the *Arizona Administrative Register (Register)*.

Agency drafts proposed administrative rules and **economic impact statement** and may obtain informal public comment.

Agency publishes draft of administrative rules in the *Register* and opens formal public comment period. Agency has 30 days to receive formal written comments and may hold a public meeting to receive oral comments. This step may occur more than once if the comments result in substantial changes to the rules.

Agency drafts final administrative rules and addresses all formal public comments. Final draft administrative rules must be submitted to GRRC within 120 days after close of public comment period.

If GRRC returns the rules and:

**Minor revisions** are required, the agency can make GRRC's revisions and resubmit the revised rules to GRRC.

**Substantial revisions** are required, the agency must publish a notice of Supplemental Rulemaking in the *Register* and allow for a second public comment period. After making revisions, the agency must then resubmit the revised rules to GRRC.

GRRC has 90 days to review the final administrative rule package, including the economic impact statement, against statutory criteria and either approve or return the rule package to the agency.

If approved, GRRC files a final copy of rules with the Secretary of State. The rules then become effective in 60 days. Rules can become effective immediately if the agency requests and two-thirds of GRRC voting members present approve the rules.

Source: *Arizona Rulemaking Manual*, GRRC training materials, and A.R.S. §41-1001 et seq.

# Governor's Regulatory Review Council

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